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Question1: 1) The USDA should support policies and programs that encourage growth of small and medium-sized farms. Such programs include the Sustainable Agriculture Research and Education (SARE) and Value-Added Program Grants (VAPG). Funding for these programs should be expanded and directed in part to the promotion of beginning small and mid sized framers.

2) USDA should also implement the many beginning farmer and rancher provisions of the 2002 Farm Bill, the authorization for special conservation incentives for beginning farmers and ranchers, and seeking funding for the Beginning Farmer and Rancher Development Program. Beginning farmer and rancher programs should be expanded to specifically serve beginning organic farmers and ranchers.

3) The certification cost share program (Sec. 10606 from 2002 farm bill) should receive a mandatory \$2 M per year. In order to improve the effectiveness of this program, management should be either moved to the AMS Federal State marketing Improvement Program (FSMIP), Farm Service Agency, or managed through organic certification agencies. Additionally, standardized reporting should be required for both allocations to states and actual disbursement to producers and handlers.

4) Other transition programs such as tax breaks and other financial incentives for transitioning to organic should be offered

Question2: Emerging markets such as the organic industry should be more strongly supported. Organic agriculture has seen nearly 20% annual growth over the last decade. Various estimates place organic retail sales as being between 1.5%-2.5% of total U.S. food sales. Organic certification brings an added value to any crop, making it is a desirable alternative for many producers. According to the Produce Marketing Association, organic now makes up 5% of fruit and vegetable sales nationally. The organic sector is extremely diverse in scale, technology, and market chains. Both ends of the scale spectrum are experiencing vibrant growth. USDA's Economic Research Service reported in May 2005 that price premiums for organic produce continue to hold. In addition, the USDA organic seal is proving to be a significant asset for product and brand differentiation. Despite gains made in the Farm Security and Rural Investment Act of 2002, organic producers still receive a disproportionately small share of USDA resources. Specific recommendations detailed below.

1) Increased support should be given to conservation ?green? payments such as the Conservation Security Program, a green-box program that supports small and medium-sized farmers? ability to compete in the domestic and global market, and also ensures the long-term viability of the nation?s farmland, and to agricultural and rural development programs. Conservation practices, such as those used by organic farmers, should be rewarded.

- 2) The USDA AMS National Organic Program should comply with international standards for certification and accreditation, as defined by the International Organization for Standardization (ISO). Specifically, the USDA should comply with ISO/IEC 17011 (regarding general requirements for accreditation bodies accrediting conformity assessment bodies) and ISO Guide 65 (which specifies general requirements that a third-party operating a product or service certification system shall meet if it is to be recognized as competent and reliable). Adherence to the ISO/IEC 17011 and the ISO Guide 65 Program ensures that accreditation and certification agencies operate in a consistent and reliable manner. U.S. accreditation and certification of organic standards are not currently in compliance with international norms, creating a lack of consistency which has been an obstacle to trade. For example, domestic and international certifiers are treated differently by USDA NOP accreditation (e.g. domestic certifiers receive more audits). Also, organic regulations of the European Union strictly references ISO guide 65. The USDA does not so, so some US certifiers have to seek additional accreditation. Because the U.S. is not in compliance with international norms, we have to rely heavily on bilateral agreements.
- 3) The USDA should develop equivalency or harmonization with other countries national organic standards.

Question3: Despite gains in the 2002 Farm Bill, Organic producers continue to receive a disproportionately small share of USDA resources. Organic agriculture currently makes up about 2% of US retail food sales but receives only a fraction of a percent of USDA research, marketing and conservation programs.

- 1) Effective and reasonable payment limitations to the Environmental Quality Incentives Program must be restored in the 2007 Farm Bill. Safeguards are also needed against using EQIP to expand concentrated livestock production. Rather EQIP funds should be used for offering incentive payments for growers to transition to organic production and other environmental practices.
- 2) CSP should be restructured to work better for organic producers. Stronger NRCS leadership and oversight of how their programs serve organic producers should emerge from this Farm Bill. Language should be added to the authorization to ensure that the program serves the organic community. Specific improvements to conservation programs are needed to ensure these programs serve organic producers. For example, basic organic practices such as cover cropping and crop rotations should be prioritized. Also, organic farm plans should be accepted as proof of compliance with the highest tier (III) of conservation.
- 3) Organic Research and Extension: Many organic producers find few information resources available to them to address production or marketing issues specific to organic. Federal agricultural research dollars dedicated to organic food and farming are disproportionately low in relation to the size of the organic industry. Only since 1998 has organic research been funded at all, and it currently receives far less than a proportionate share of federal agriculture research dollars. In 2004, 3.1% of the USDA gross outlays (\$2.5 B) was used to fund and research and education. Of this \$2.5 B, only about \$10 M (0.4%) went to organic specific research.
- a. An organic program should be developed within the USDA ARS with the oversight of a National Program Leader (NPL) for Organic Agriculture. A framework of "fair share" funding of organic agricultural research, based on the organic share of U.S. retail food sales, calls for at least a 5-fold increase in USDA-ARS resources explicitly allocated to organic (In 2004, USDA-ARS spent about \$3.5 million on organic-specific projects, or about 0.35% of ARS annual

expenditures). ARS should receive a mandatory \$20 M per year for organic research.

We also believe that ARS needs to strengthen efforts to disseminate organic research results through the National Agriculture Library's Alternative Farming Systems Information Center (AFSIC). For example, funding should be provided to the USDA National Agriculture Library's Alternative Farming Systems Information Center (AFSIC) to manage the www.OrganicAgInfo.org website as a publicly available online database of research and extension information specific to organic production and marketing. Additionally, we would like to see a requirement for on-going reporting of USDA ARS organic specific activities.

b. USDA CSREES: The Integrated Organic Program, which is a production based competitive grants program managed under the CSREES Plant and Animals Systems division, has been extremely successful. Because of the high level of interest in this program, only about 10% of qualified applicants have been able to receive funding (compared to 19%-29% of qualified applicants that receive funding in comparable grants programs at the USDA CSREES). We expect interest in this program to continue to grow. Accordingly, funding for the IOP should be increased to \$10 M mandatory per year. Expansion of this program should focus on a higher number of smaller grants. Also, it is important that this program keeps its own identity and not be incorporated into the National Research Initiative.

Marketing, policy, and economic research is very important to the organic community but is severely under-developed within the USDA. A new grants program within the USDA CSREES Marketing and Economic Systems section is needed. This should be a competitive grant program designed to fund marketing, economic and policy-related research pertinent to the organic industry. Such a grants program would be part of the USDA CSREES Integrated Organic Program and fall under the oversight of the National Program Leader for Organic Agriculture.

The extension component of the Integrated Organic Program should be refined and strengthened.

c. IPM Centers: The USDA CSREES Integrated Pest Management Centers should have a role in expanding the USDA organic portfolio. The development of Strategic Plans for Organic Best Management Practices is a potential way these centers could better serve the organic sector.

d. National Research Initiative (NRI)- Organic plant and animal breeding should become a priority area within existing NRI germplasm programs.

e. Land Grant Universities. Is there a way that we can offer amendments to the Hatch Act to direct the land-grant system to spend an increased % of agriculture research dollars on organic? (Or maybe to Section 8 of the Smith-Lever Act).

f. Cooperative Extension System: The 2007 Farm Bill should amend the Smith-Lever Act to direct the Cooperative Extension to spend an increased percentage of agriculture extension dollars on organic should be considered.

g. USDA National Agriculture Library: Fund the USDA National Agriculture Library's Alternative Farming Systems Information Center (AFSIC) to manage the www.OrganicAgInfo.org website as a publicly available online database of research and extension information specific

to organic production and marketing.

4) Data: Expanded data on the organic sector is essential to better understanding the organic industry's growth and trends. The Organic Production and Marketing Data Initiative provided for in the Farm Security and Rural Investment Act of 2002 Farm Bill reads: "Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing." This requirement needs to be fully implemented.

Specifically, within the USDA Agricultural Marketing Service (AMS) we would like to see Market News provide regular nationwide reporting of organic prices. Specific surveys and data sets for the organic sector, including census (or census-type) data and farm gate price reporting are needed from the USDA National Agriculture Statistics Service. The USDA Economic Research Service (ERS) has done an impressive job of collecting data on the organic sector (including farm financial indicators and market trends among handlers and processors of organic products,) and we hope these efforts are continued and expanded.

5) More equitable crop insurance options should be provided to organic growers. Organic Farmers currently are charged a 5% premium over conventional grower to be covered. When they do incur a loss, they are reimbursed based on conventional prices, which are usually significantly lower than the actual value of the organic crop. Organic growers should receive reimbursement for their loss based on actual organic prices. Also, the Adjusted Gross Revenue program, which is one of the few crop insurance options that works well for diversified producers (such as many organic farmers) should be expanded to be offered nationally.

Question4: 1) The Conservation Security Program, which rewards farmers for effective conservation and advanced stewardship should be fully funded as an uncapped entitlement program as stipulated in the 2002 Farm Bill. The CSP should serve as a foundation on which to build future farm policy and a turning point that marks a shift from policies that focus on land retirement to those that place an equal emphasis on environmental stewardship on working lands and a shift from trade-distorting production subsidies to farm support based on environmental performance. CSP should be restructured to work better for organic producers and language should be added to the authorization to ensure that the program effectively serves the organic community. For example, basic organic practices such as cover cropping and crop rotations should be prioritized. Also, organic farm plans should be accepted as proof of compliance with the highest tier (III) of conservation.

2) Transition payments for transition to organic production should be added to Environmental Quality Incentives program (EQIP) national priorities

3) Technical Assistance Providers- Funding and programmatic direction is needed for technical assistance providers specific to organic.

4) NRCS needs a point person for organic agriculture who will coordinate how organic production is treated by the USDA conservation programs and does outreach to the organic community.

Question5: 1) Supporting payment limitations could free up a

considerable amount of money to increase USDA investment in rural development and conservation programs.

2) The 2007 Farm Bill should support policies that invest in entrepreneurial activities on farms. The USDA Value-Added Producer Grants program, which has been cut by 60% from its original funding level, should be restored.

Question6: 1) USDA needs to demonstrate a real commitment to organic research, outreach, and data collection. Organic research funding should be dramatically increased to reflect at least its commensurate share of research dollars. Many organic producers find few information resources available to them to address production or marketing issues specific to organic. Federal agricultural research dollars dedicated to organic food and farming are disproportionately low in relation to the size of the organic industry. Only since 1998 has organic research been funded at all, and it currently receives far less than a proportionate share of federal agriculture research dollars. In 2004, 3.1% of the USDA gross outlays (\$2.5 B) was used to fund research and education. Of this \$2.5 B, only about \$10 M (0.4%) went to organic specific research.

2) The National Research Initiative/Initiative for Future Agriculture and Food Systems (IFAFS) can address the creation of new markets, direct marketing vehicles for agricultural products, development of rural business infrastructure. IFAFS needs to be funded at its authorized level with goals that more firmly address the unique needs of small and medium-sized organic farmers. Specifically, funds need to be directed towards plant and animal breeding of varieties suited to organic systems, ecosystem management, and economic viability of small and mid sized organic farms.

3) An organic program should be developed within the USDA ARS with the oversight of a National Program Leader (NPL) for Organic Agriculture. A framework of "fair share" funding of organic agricultural research, based on the organic share of U.S. retail food sales, calls for at least a 5-fold increase in USDA-ARS resources explicitly allocated to organic (In 2004, USDA-ARS spent about \$3.5 million on organic-specific projects, or about 0.35% of ARS annual expenditures). ARS should receive a mandatory \$20 M per year for organic research.

We also believe that ARS needs to strengthen efforts to disseminate organic research results through the National Agriculture Library's Alternative Farming Systems Information Center (AFSIC). For example, funding should be provided to the USDA National Agriculture Library's Alternative Farming Systems Inf